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AUTHOR	Henig, Jeffrey R.; Holyoke, Thomas T.; Brown, Heath; Lacireno-Paquet, Natalie
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ABSTRACT

Much of the literature on charter schools treats them as an undifferentiated mass. A typology of charter schools grounded in the norms, traditions, and perspectives of the founding organization or organizers is presented and tested in this paper. It is suggested that there are two broad categories of charter founders: (1) those who are more mission oriented, and (2) those who are more market oriented. These categories are further disaggregated into subtypes. Using data from a multistate survey of charter schools, the typology is tested by examining charter school behaviors related to choosing a theme and targeting, deciding upon the size and grade configuration, and marketing and market research behavior. Results were mixed. In some areas, evidence of a strong distinction between charter schools based on founder type was found. On the whole, little evidence of significant differences among the various types of mission oriented charter schools was found. Charter schools do not seem to engage in systematically different patterns of targeting, marketing, or market research behavior based on school type. It may be that the external environments in which schools operate, and core educational tasks that all schools must accomplish, impose similar patterns of behavior on charter schools regardless of their different organizational roots. (Contains 65 references, 27 notes, 1 figure, and 11 tables.) (Author/BT)

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The Influence of Founder Type on Charter School Structures and Operations

By:

Jeffrey R. Henig
Teachers College
Columbia University

Thomas T. Holyoke
Heath Brown
Natalie Lacireno-Paquet
The George Washington University

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Abstract

Much of the literature on charter schools treats them as an undifferentiated mass. Here we present and test a typology of charter school that is grounded in the norms, traditions, and perspectives of the founding organization or organizers. We suggest that there are two broad categories of charter founders—those who are more mission oriented and those who are more market oriented—and we further disaggregate these categories into subtypes. Using data from a multistate survey of charter schools we test the typology by examining charter school behaviors related to choosing a theme and targeting, deciding upon the size and grade configuration, and the marketing and market research behavior. Our results are mixed. In some areas, we find evidence of a strong distinction between charter schools based on their founder type. We find that EMO-initiated charter schools tend to be much larger and are much less likely to offer high school grades than other types of charter schools. We find that schools started by local business leaders are more likely to offer a theme and more likely to target at-risk students than are EMO-initiated charter schools, and that, despite the fact that local business leaders might be assumed to share norms and perceptions with for-profit EMOs, these schools generally behave in ways that are more similar to of schools launched by mission-oriented founders. On the whole, we find little evidence of significant differences among the various types of mission oriented charter schools. Charter schools do not seem to engage in systematically different patterns of targeting, marketing, or market research behavior based on school type. In some decision areas, it may be that the external environments in which schools operate and core educational tasks that all schools must accomplish impose similar patterns of behavior on charter schools regardless of their different organizational roots.

Charter schools are a rapidly disseminating policy innovation with import both to education policy and to broader theories about the actual and the ideal boundaries separating the public and private sectors. The first charter school law was passed by Minnesota in 1991; just six years later there were 428 schools in operation, and by Fall 2002 there were 2,700 (RPP International 2000; Center for Education Reform 2002). Charter schools combine aspects of both public and private sector organizations; to the extent that they are private, they can take forms that are nonprofit, for-profit, or a combination of the two.

Charter schools are analogous to public service organizations in the senses that they must be approved initially, and subsequently monitored, by government chartering agencies; they receive the bulk of their funding from public revenues; they are required to act as public service providers, for example they are typically required to accept all applicants who meet broad standards of eligibility (e.g., as defined by residence within the sponsoring jurisdiction or as defined in the law) and to allocate scarce seats by lottery; and they can be held accountable to publicly mandated standards of performance. They are analogous to private organizations in the sense that they are expected to respond primarily to market signals in the form of consumer demand; to be free to innovate widely in the content and technology of the product they provide; and are constrained only by very broad regulations such as those relating to building codes, consumer protection, health standards, and civil rights. While some states mandate that charter schools must be organized as nonprofit entities, others permit direct involvement of for-profit firms (often referred to as Educational Management Organizations or "EMOs"), and even where the charters are nonprofit it is common for them to partner or contract with for-profit entities,

including EMOs, creating an organization that combines elements of both in a sometimes complex relationship.[1]

Proponents of charter schools portray them as a model for marrying the efficiency, responsiveness, and innovation associated with markets to the broader collective interests, social justice concerns, and democratic accountability associated with government and civil society (Finn, Vanourek et al. 2000). In education policy their initial role was of a more politically palatable alternative to school vouchers. Increasingly, however, they are seen as substantial innovations in their own right, with implications for how public services might more generally be structured (Henig, Holyoke et al. 2003), and their supporters extend well beyond those who favor markets reflexively as a universally superior mechanism for meeting social needs (Nathan 1999; Viteritti 1999).

The hybrid nature of charter schools accounts for much of their appeal, but the expectation that the resulting organizations will selectively combine the *best* aspects of government, market, and the nonprofit community should realistically be regarded as an untested premise at this point. The empirical literature on how charter schools behave is growing, but it is still in its infancy. Some studies have examined whether charter schools respond to market signals by weeding out high need and low status students (Zollers and Ramanathan 1998; Lacireno-Paquet, Holyoke et al. 2000; Wong and Shen 2000); some have begun to look at their governance structures (Vergari 2002; Miron and Nelson 2002); some have begun analyzing performance outcomes (Miron and Nelson 2002); and some have attempted to gauge the competitive effects of charter schools on conventional public school systems (Teske, Schneider

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[1] There is debate over whether these are best understood as true partnerships, with the for-profit and nonprofit arms having relatively equal voice over key decisions, or as principal-agent relations with one or the other actor assuming a dominant role. We address this later in the paper.

et al. 2000; Hess, Maranto et al. 2001). Most of these studies treat charter schools as an aggregate category where all schools are considered to be largely identical. While a few distinguish between EMOs and "other" charter schools (e.g., Bulkley 2001; Bulkley 2002; Lacireno-Paquet, Holyoke et al. 2002; Miron and Nelson 2002), few if any have made finer distinctions within these two categories or explained how basic operational decisions such as how schools define their market, how they define and advertise their product, or how they adapt and change over time may vary by internal visions and external environments.

This paper seeks to inform deliberation about charter schools and the boundary between public and private by exploring variation in internal school characteristics and offering a typology of charter schools that distinguishes broadly between those that, by virtue of their experience, norms, and organizational structures might be assumed to be more oriented toward markets and those assumed to set a direction more in line with a purposive, collective, and philanthropic mission. We also distinguish within the mission-oriented sector those whose missions are more likely to be defined by norms and ideas associated with educational professionalism, provision of social services, and grassroots visions tied to community and parental involvement, and local economic development. We then test the hypothesis that organizational type makes a difference in charter school behavior in terms of how they define, pursue, and respond to their intended consumers, drawing on a survey of charter schools operating in Arizona, Michigan, Pennsylvania, and the District of Columbia.

A Typology of Charter Schools Based on Organizational Origin

Charter schooling is just one example of a substantial, and seemingly growing, tendency of government to experiment with variations in forms of public-private delivery mechanisms for providing public services (Salamon 1987, 1995; Kettl 1993). The dominant rationale for this

impetus has been the desire to exploit the greater flexibility, responsiveness, and efficiency presumably exhibited by private firms subject to market dynamics (Savas 2000). This privatization movement is frequently traced in the U.S. to the Reagan era, a period during which the celebration of the market as an alternative to government framed the national policy agenda and was prominently on display (Linowes 1988). But experimentation with alternative private sector delivery mechanisms has deeper historical and wider theoretical roots than the pro-market vision that has dominated contemporary portrayals.

Earlier efforts at harnessing private organizations to public agendas shared with contemporary privatization initiatives a desire for flexibility, responsiveness, and efficiency; the favored vehicles, however, typically were not for-profit corporations but community-based, social service agencies that existed more for carrying out missions defined in terms of the betterment of a needy population or neighborhood than making money. State and local governments were a major source of funding for these private voluntary agencies working with immigrant and poor populations in some large cities even before the turn of the 20th century (Salamon 1995; Katz 1996). Although the War on Poverty of the 1960s has come to symbolize "big government" in the some strains of American folklore, its premier programs relied heavily on partnerships between national government and local community-based organizations as a vehicle for planning and delivering services (Smith and Lipsky 1993). Rather than responsiveness to external signals of supply and demand, this form of privatization was premised on the belief that the social good could be best achieved by tapping into the intense and internal commitment of such organizations' leaders and supporters. This non-market rationale for experimenting with public-private partnerships is echoed more recently in the George W. Bush Administration's call for faith-based organizations to provide services to needy populations.

Despite the fact that charter school proponents often portray for-profit corporations, entrepreneurial initiative, and market signals as the crucial ingredients for educational reform, the charter school movement—like the broader privatization movement with which it is associated—is more diverse in membership and motivation than the simple market metaphor implies. Many charter schools currently operating in the U.S. have been launched by teachers animated by a particular pedagogical vision, by parents driven by dissatisfaction with district rules and regulations, or by local businesses that see school reform as a key to stronger economic development. These schools stand in varying degrees of contrast to charter schools run by corporations that see education as a huge and potentially lucrative market.

Public debate about whether charter schools are good or bad, working or faltering, typically fails to make distinctions among these types of founders. There are both theoretical and empirical reasons, however, for believing that differences in the orientation of founders may affect the decision-making criteria they apply, the norms and traditions shaping their perceptions, and, consequently, the ways in which they behave. If so, it is important to draw distinctions among such organizations in order to determine whether some are more promising partners in pursuing particular public policy aims.

Market and Mission

Most discussions of privatization draw a sharp distinction between public sector and private sector organizations (for one review, see Perry and Rainey, 1988), but careful distinctions among types of private organizations are less common. Discussion of the relative advantages and disadvantages of private versus public sector service provision is dominated by the market metaphor (Barber 1999:12). Proponents of privatization portray a public sector populated by

power-hungry politicians and rigid, self-satisfied bureaucrats staffing bloated agencies that, at best, are incompetent, or, at worst, are openly detrimental to fair and efficient means of carrying out public policy (Chubb and Moe 1990). In contrast, proponents praise the private sector where organizations are lean, flexible, and responsive to customer desires. Private firms work efficiently because the discipline of the market drives out inefficient providers. On the other hand, critics of privatization portray a public sector that is oriented first and foremost toward the public welfare and responsive to democratic institutions and contrast that to a private sector characterized by opportunistic profit-maximizers who substitute their own material well-being for the social good.

That the private sector also encompasses a range of non-corporate actors whose behaviors may not conform with the predictions of the market model has been noted, of course, but until recently has been given relatively little serious attention in policy debates. As Weisbrod (1998:70) has observed "Privatization of social services is a powerful worldwide force today, but there has been little attention paid--by government decisionmakers or by researchers--to the merits and demerits of divestiture to private business firms relative to private nonprofit organizations, let alone to the implications of divesting to a church-related or some other form of nonprofit." Sociologists (e.g., DiMaggio 1990), and some political scientists, (e.g., Wilson, 1973), have long recognized that some organizations are driven by "purposive" or "solidary" incentives where the collective good is emphasized over the material gain of individuals and that such differences have a range of important consequences. But economists have tended to treat organizations formed around purposive or altruistic incentives as eccentric exceptions[2] and the

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[2] See, for example, Mancur Olson's admission, in a footnote, that "The logic of the theory developed here can be extended to cover communal, religious, and philanthropic organizations, but the theory is not particularly useful in studying such groups" (Olson 1971: 6).

realm in which they operate as a relatively small and distinct arena in which a combination of circumstances conspire to make market solutions suboptimal (Simon 1993).[3]

Relatively recent intellectual and empirical developments have conspired to challenge this dominance of the market metaphor. Putnam (Putnam 1993, 2000) and others (Etzioni 1996; Barber 1999; Clotfelter and Ehrlich 1999; Cohen 1999; Ehrenberg 1999; Fullinwider 1999) have spurred a revival of Tocqueville's ideas about the importance of civil society—informal organizations, communal purpose, norms of trust—to a well-functioning society. Evolutionary shifts in the form of the welfare state have led to the proliferation and institutionalization of a non-profit sector whose sustenance no longer depends solely on charitable giving and whose range of activity often crosses into what had previously been regarded as for-profits' turf (Smith and Lipsky 1993; Salamon 1995; Boris and Steurle 1999). And empirical comparisons of nonprofit and for-profit behaviors in arenas that they cohabitate—such as health care, nursing homes, and childcare—provide evidence that nonprofits at least sometimes appear to make systematically different choices than for-profits in staffing, pricing, screening of customers, and selection among alternative delivery mechanisms (see Weisbrod 1998; Mark 1998; Mark 1995; Bushouse 1999).

Many jurisdictions formally require charter schools to be established under the mantel of a nonprofit organization, and chartering agencies sometimes less formally favor proposals from mission-oriented nonprofits with established track records of serving disadvantaged populations.

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[3] Economists differ on whether the number of functions and goods characterized by "market-failure" is very large or quite small. A major strain of argumentation among privatization proponents is that analysts have been overly eager to characterize as "public" goods and services that, given the proper institutional framework, could be better delivered through markets.

Nonetheless, as already noted, a number of for-profit corporations EMOs have decided to get into the education game as well, and their role appears to be expanding.[4]

There are good reasons to expect that nonprofit and for-profit charter schools would behave differently. As generally conceived, the nonprofit and for-profit sectors comprise a different set of actors, oriented around different incentives, norms, and problem definitions, and bringing to bear a distinct set of resources (see Figure 1). What is uncertain, however, is the extent to which these differences are internally generated or externally induced—a function of the particular mindset and values of those who choose to operate within each arena or the different tasks and legal/institutional frameworks in which they operate. To the extent they are internally generated, we would expect nonprofit charter schools to make different decisions and trade-offs than for-profit ones, because their leaders are schooled in different norms and traditions. To the extent they are externally induced, we would expect that differences between nonprofit and for-profit charters might be limited because they operate in a similar environment and engage in similar tasks. Our task in this paper is in part to elaborate these contrasting expectations and to put them to an empirical test. But the question of whether differing roots of charter schools result in different types of behavior extends beyond the simple nonprofit/for-profit distinction, since even within these broad categories there are differences in the types of groups founding charter schools. When it comes to incentives, norms, and dominant perceptions, not all mission oriented organizations are alike.

---- Insert Figure 1 about here ----

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[4] The majority of EMOs are run as for-profit corporations, though there are a few examples of nonprofit EMOs.

Diverse Missions

Mission-oriented organizations share a tendency to "seek to generate less than maximum profit, while engaging in activities that are socially desirable but unprofitable" (Weisbrod 1998: 73-4). Weisbrod (1998: 74) labels this "bonoficing...for example, supplying information to underinformed consumers rather than taking advantage of its informational superiority or helping the poor or avoiding activities that pollute." As mission-oriented organizations, then, we would expect them to share some behavioral tendencies that distinguish them from organizations oriented around profit. At a less abstract level, however, differences among mission-oriented organizations may be considerable. The particular mission, and the norms and traditions associated with it, may matter. Among the nonprofit organizations that have responded to the opportunity to launch charter schools, we can identify several distinct types.

Social service, or "helping", organizations are oriented around a mission of providing help to needy populations. This category, which includes organizations that run food pantries, provide job training, work with delinquent youth, etc., is perhaps what most people have in mind when they refer generally to the nonprofit or voluntary sector. Some long-standing social service agencies were quick to recognize that charter school legislation provided opportunities for them to expand the range of services they could offer to clients and simultaneously open up a major new source of funding. For example, the Next Step charter school of Washington, D.C. was established by a nonprofit with a larger mission of providing counseling and support services to single mothers and young adults who have dropped out of public education. The school serves as a means of training young women, most of whom are Latino, the skills necessary for service sector jobs, how to pass the GED, and even how to improve their English.

Because social service organizations have clearly defined and highly needy populations to whom they are committed, we expect the charter schools they launch to focus on populations defined by particular categories of need and to put more emphasis on effective provision of services than on growth and expansion. Because they and their members are accustomed to relying on philanthropy and government contracts as revenue sources, we might also expect them to be less attuned to conventional marketing strategies, to be more likely to partner with various foundations or other nonprofits that provide additional support, to invest more resources in monitoring developments within the public sector than surveying potential new clients or the activities of competitor schools. Because students enrolled in such charters are regarded as more costly and difficult to educate, programs launched by these organizations are less likely to be seen as a competitive threat by the conventional school district (indeed, they may be welcomed as a source of relief) and therefore we might expect them to be more likely to interact with and cooperate with traditional public schools than would other types of mission-oriented or for-profit charter schools.

By design *professional organizations* have the economic interests of their members as a core focus, but they also represent and seek to promote the set of values, body of knowledge, and preferred practices embodied by the profession.[5] Not only do associations such as the American Bar Association or the American Medical Association represent the interests of their profession before policymakers, they also provide a host of support services, such as continuing education and the code of ethics by which their professions are governed. Educators' claim to professional status has been more contested than these "higher status" occupations so perhaps for this reason and others their formal collective organization manifestations—such as the National

Education Association and the American Federation of Teachers -- have straddled the boundary between professional association and labor union. While teacher unions have occasionally launched charter schools, the educators who have done so are more likely to have acted individually, or as a small collection of individuals, animated by a shared vision of what good schooling entails. Examples of these schools would be those launched by teachers and administrators who are tired of fighting district bureaucracy and wish to implement new programs or curricula they believe would work for particular types of students. These might include teachers who want to implement expeditionary learning in a middle school.

Because they are invested in the notion that they possess a special expertise that legitimates particular ways of doing things (a "one right way") we might expect charter schools launched by education professionals to be less likely to adapt and change in response to market signals. And because they typically claim that key decisions require the exercise of "professional judgment", of which they are the sole or primary arbiters, we might expect such organizations to be less likely to engage in partnerships that entail a sacrifice in their autonomy.

Grassroots community-based organizations are formed to pursue the interests of a geographically defined group of citizens; they typically are less formally structured than social service or professional organizations and may be single-issue (e.g., "stop the highway") or multi-issue (community betterment) in their scope (Berry 1999). Similarly, some are likely to be *ad hoc* nonprofit organizations formed to combat a single issue, dissipating once the goal is achieved, while others are veritable community institutions with permanent staff. The latter type of community based organization tends to adopt more formal structures when doing so facilitates a desired ability on their part to pursue grants and contracts or play an official or advisory role in

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[5] On professionalism generally, see DiMaggio & Anheir (1990); Freidson (1988); Kirp (1982). On professionalism

governmental proceedings. Grassroots and community charter schools started by groups of parents or community leaders who are discontented with the traditional school system likely fall into this mission-oriented nonprofit category. These might be linguistically, culturally, or ethnically oriented schools, perhaps focusing on Armenian culture and language, or Afro-centric schools. Wells et al (1999) suggest that on the one hand, these types of schools can be empowering to previously disenfranchised groups but that there are countering forces often at work in the policies:

> on the one hand, [charter schools are] fragmented and decentered localized projects that celebrate difference over uniformity and fight for cultural recognition, and on the other, are conceptualized within and connected to larger global trends of less redistribution and more privatization, greater inequality between the rich and the poor, and of increased commodification of culture via images of mass marketing"(Wells et al, 1999: 174).

Fuller et al. (2003) characterize the motivation of some of these grassroots charter initiators as being characterized by a "non-modern return to local cultural forms and particular ways of raising children," and suggests that such schools not only will make very different commitments to equity and fairness than those tied to for-profit corporations but and more professionally oriented mission-driven charters, because their vision can be shaped by very localized values, they may make very different decisions also from one another.

Because their mission is linked to small and relatively well-defined groups of individuals, we would expect charter schools founded by grassroots, community-oriented organizations to also be relatively small, less likely to advertise widely, less likely to have plans to expand. Because they are often steeped in norms about internal democratic decision-making, we anticipate that charter schools launched by grassroots organizations will be more likely than others to adopt (eventually if not immediately) a comprehensive K-12 grade structure; parents

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and charter schools, see Sykes & Plank (2001)

within elementary level charter schools frequently want their children to complete their secondary education there rather than being forced to return to the traditional district option, and grassroots-initiated charter schools are less likely than others to be able to resist such pressure.

Finally, some nonprofit charter schools are founded by *local business and economic development* organizations, such as the Chamber of Commerce or a Downtown Business Association. Of all the types of charter schools we discuss, this one seems least likely to differ in orientation and behavior from for-profit EMOs. After all, the leaders of local business groups come from the market sector and we would expect them to draw on the norms and perceptions that led to their successes in that arena as they approach the challenge of forming and providing guidance to charter schools. Nonetheless, there are at least two reasons why charter schools launched by such organizations may behave more like mission-oriented than profit-oriented ones. First, what typically motivates local business organizations to sponsor charter schools is not profit—a private and material good—but the long term economic health of the immediate community, a conventional collective good (Peterson, 1991).[6] In pursuit of the city's economic interest, such groups would tend not to seek profits from operating schools, but to operate them with goals of improving the local labor pool and raising test scores so as to improve the city's overall image and attractiveness to residents, businesses, and investors. A second reason that charter schools founded by such groups may tend to behave more like other mission-oriented, than profit-oriented, organizations is that the local business leaders who are the members of the

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[6] Local business groups often turn to education reform after "cutting their teeth" on more conventional urban revitalization efforts: promoting downtown redevelopment, building convention centers, attracting professional sports teams, and the like (Stone, Henig, Jones, and Pierannunzi, 2001). Reforming the conventional public school system, however, often turns out to be more difficult than they anticipated, and some corporate leaders have turned to charter schools (and other forms of school choice) as a way to potentially work around the recalcitrant bureaucracy. In Washington, D.C., for example, the business group that, during the late 1980s, sponsored the Committee of Public Education (COPE) and sought to turn around the public school system, subsequently threw up

sponsoring organization may have only a very arms' length relationship with the charter school itself. After helping to set broad goals, local business organizations often hire conventional educators or others with non-profit and social service backgrounds to manage the school on a day-to-day basis.

Compared to other mission-oriented groups, however, we would expect charter schools launched by these groups to be more business-like and efficiency-oriented in their approach. We would expect them to focus more on providing job skills to potential entry-level workers; thus compared to others, these charter schools might be more likely to operate at the secondary school level and to organize themselves around a career or vocational theme. We would expect them to be less likely to target populations whose special needs make them potentially less desirable as employees; for example, those with physical or emotional disabilities, or those with criminal or delinquency records. These operators might be more likely to focus on vocational training and skill-based learning oriented to the needs of local businesses. For instance, in the District of Columbia, one local hotel firm has helps operate a school oriented towards the hospitality industry.

Expectations in Mixed sectors: Competing Theories and Evidence About Organizational Differentiation and Convergence

The key unresolved question is whether the differences commonly associated with market- versus mission-orientation are fundamental--meaning they are hard-wired into their differences in formal legal status, recruitment patterns, and worker socialization strategies--or contingent upon the different service niches they typically occupy. This question is moot when

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its hands, closing down COPE and instead sponsoring a charter school resource center (Henig, Hula, Orr, and Pedescleaux, 1999)..

nonprofits and for-profits do fundamentally different things, but it comes into relief when they appear to go head-to-head, as in the charter school arena, and in other arenas such as hospitals, nursing homes, and day care. If charter school behavior is largely driven by the norms, problem-definitions, and institutional characteristics of the founding organization, we would expect to find differences among them in the kinds of decisions and behaviors they exhibit. If internal differences in origin are overwhelmed by common elements in their task and operating environment--including the resources they can attract, the competition they face, and the regulatory context they face—we might reasonably anticipate convergence in behavior. Mission-oriented organizations, for example, might begin to behave like for-profit organizations, abandoning visions about maintaining small scale or exclusively serving high need populations out of necessary pressure to attend to the "bottom line." Profit-oriented EMOs, for their part, might find they must borrow equity oriented strategies associated with social service and community-based organizations in order to garner favor from foundations and politically sensitive chartering agencies or to adopt practices associated with professional educators in order to fit parental preconceptions of what a school ought to look like.

Why We Might Expect Differentiation

There are several reasons to expect that market- and mission-oriented charter schools might behave in different ways based on internal factors such as the characteristics of those who founded the school. Some common behaviors across our sub-categories of founder types within market or mission-oriented schools may stem from these. One reason to expect differentiation derives from assumptions about the motivation of workers and the expectations of donors. Nonprofit organizations often pay lower salaries and rely on volunteers to supplement their

services; they are able to do so presumably because their mission aligns with the goals and values of workers, who are willing to accept less than the market value of their labor as a result. Nonprofits also tend to have revenue streams that depend more on satisfying philanthropic donors, foundations, or government agencies that allocate grants and contracts than they do on fees for service or sale of goods.[7] To the extent that they do so, such organizations presumably will be constrained in their ability to drift toward behaviors associated with market-oriented organizations. Rhetorical and actual commitment to "the bottom line" risks eroding the loyalty of workers and donors, both of whom are free to take their resources elsewhere. This is even true when the response dictated by the market is one based on better meeting client demand rather than simply minimizing costs. A for-profit EMO initiated charter school that found families were demanding higher test scores on standardized exams presumably would be quick to alter its curriculum and pedagogical techniques. But a charter founded by nonprofit or community leaders with a mission-driven vision that had recruited teachers based on a pedagogical vision associated with child-centered approaches to learning would encounter much greater transaction costs (teachers leaving; teacher resistance; possible loss of funders).

Supporting the differentiation scenario is the possibility that philanthropic support might be a substantial component of an organization's revenue stream, and that some donors might be willing to support organizations specifically because of their mission orientation. James (1987) and Rose-Ackerman (1996) suggest that the ideological or religious motivation of nonprofit "entrepreneurs" might make some volunteer workers and donors more willing to commit their capital, creating a form of product differentiation and signaling reassurances to clients that other users will share their values and that they will not be taken advantage of.

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[7] This remains true despite the fact that changes in the funding environment have been forcing many nonprofits to

The result of these different internal forces may be that both market- and mission-oriented charter schools will settle into distinct niches within the education market. Discussing a population ecology perspective on organizational behavior, Barman observes that "Differentiation…is an adaptive response by which nonprofit organizations attempt to identify and fill niches in order to successfully obtain resources in a crowded field" (Barman 2002). If so, then we can draw a reasonable general hypothesis. Charter schools associated with for-profits will direct their efforts at activities maximizing profit, for example by targeting more numerous and relatively easy (and therefore cheaper) to teach median-performing school children as well as high need targets for which government reimbursement schemes are especially generous, while mission-oriented schools focus on those students who because of high needs or insufficient reimbursement rates remain unattractive in market terms. Similarly, we would expect market-oriented schools to strive for economies of scale by increasing the number of campuses they operate so that the individual cost of educating a student decreases. Lacking this profit-generating motivation, mission-oriented schools have less incentive to take the more-is-better road and continue to focus their efforts on only a single campus where they can concentrate on the quality of education, particularly if they are focusing on at-risk student populations.

Why We Might Expect Convergence

Alternatively, there are grounds for expecting the opposite to occur, reasons to support a quite different set of scenarios in which market- and mission-oriented charter schools end up looking more alike than different. For all of the different reasons founders may choose to charter

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diversify their funding sources and to begin or expand commercial activities as part of this effort.

a school, it may be that the basic task of operating a charter school is relatively uniform and competitive pressures so severe that entrepreneurs adopting novel themes and targeting small, unique populations cannot survive for long.

For instance, several forces might induce mission-oriented charter schools to adopt practices pioneered by their more market-oriented competitors or they might simply find themselves forced to respond to the same external forces such as supply and demand pressures or regulatory constraints imposed by government. DiMaggio and Anheier, for instance, suggest that "differences in the behavior of [nonprofit] and other firms in the same industry often flow from industry composition...e.g. degree of government involvement in regulation etc." (DiMaggio and Anheier 1990: 150). According to this perspective, neither the legal nor the cultural distinctions between nonprofits and for-profits are sharp or strong enough to create distinct patterns of behavior when the groups are operating within the same institutional constraints. What will matter are most are environmental factors such as the intensity of competition, the particular nature and distribution of consumer demand, the preferences of foundations and other sources of philanthropic support, and the funding and regulatory regimes that state governments' create by way of the particular laws they adopt and the manner in which they are implemented. If so, then our alternative hypothesis is that the differentiation effect we discussed above should not manifest and there should be no distinguishable difference in charter school performance based on the characteristics of the school founders or the themes and missions they hoped to implement.

Adding to this prediction of convergence is the fact that the legal and formal distinctions between for-profits and nonprofits are generally indistinct and permeable. Some organizations led by individuals who are very much motivated by material goals and a market-oriented sense

of competition and gain may choose to organize themselves as nonprofits simply to gain a patina of legitimacy or access to certain foundation and government funds restricted to nonprofits by policy; Weisbrod (1998) refers to these as "for-profits in disguise." Other organizations that may be motivated by a desire to "do good," may nonetheless opt for a for-profit legal status out of desire to gain greater access to private capital. Again, if this notion of for-profits in sheep's clothing is true, then the hypothesis of differentiation due to founder type stated above should not manifest in the an empirical analysis.

Finally, organizational behavior may converge because the "idea" of schooling that has emerged out of professional education and public experience is so uniform and ingrained that innovations and innovators tend to be regarded skeptically and marginalized. The hegemonic character of what David Tyack (1974) has called "the one best system" may rest less on the bureaucratic and political monopoly that public educators have used to impose their narrow vision, than on a nearly universally shared notion of what schools are supposed to look like and do. If that is the case, charter schools, in order to survive, may be forced, regardless of their internally-generated inclinations, to offer a relatively homogenous product.[8]

DATA AND METHODS

Charter Schools by Founder Type: a Four State Survey

The data we use are drawn from a survey sent to all charter schools in four states: Arizona, Michigan, Pennsylvania, and the District of Columbia. We selected these states using several decision criteria. First, we wanted to select sites that had charter schools in place for

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[8] In our field research, for example, we encountered charter school leaders who complained that their efforts to utilize a more innovative curriculum ran into resistance from parents, who were primarily interested in basic skills and preparation for standardized tests.

several years in order to have a large enough sample and so that the schools would have had sufficient time to organize and establish fairly permanent organizational forms. All sites had a charter school law in place by 1997, and charter schools operating by 1999. Second, because we are interested in how schools with close ties to national and for-profit firms might differ from more community-oriented charter schools with strong nonprofit backgrounds, we limited our focus to states containing school districts in which at least one of the major for-profit charter management firms had established a presence. Third, among those states that met the preceding criteria, we sought to maximize variability in state political ideology and culture, as operationalized by Erikson et al. (1993), and racial/ethnic diversity, as developed by Hero (1998).[9]

The survey was sent to the principal or director of every charter school in each state in January, 2002.[10] Basic descriptive information about the school was collected along with responses to closed-ended questions regarding the school's founding, operations and recruitment strategies, and relations with government and support organizations.[11] We received a total of 270 surveys, representing a response rate of 35%.[12] By comparison, the Center for Education Reform (2002), a highly visible organization that takes a pro-charter school position, reports a response rate of just over 20% in its 2002 Annual Survey of Charter Schools.

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[9] Arizona and the District of Columbia, compared to Pennsylvania and Michigan, score relatively high on Hero's index of culture (which essentially reflects racial and ethnic diversity); Arizona is much more conservative than the others on the Erickson et al. index.

[10] A list of school addresses was drawn from state and national databases of schools and school districts. We included only schools that were opened as of 1999-2000 school year and verified that schools opened before 1999-2000 were still in operation, whenever possible.

[11] For our larger study, we also conducted a total of 84 interviews thus far with school officials and state and local policymakers and extensively reviewed the legislative history of charter school legislation in each site.

[12] Our final response rate was 35%, which was reached after follow up phone calls were made to schools not responding to the initial survey.

In an effort to gauge the representativeness of our sample, we compared our responding schools to those schools that responded to the Schools and Staffing Survey conducted by the US Department of Education. While the two surveys are not directly comparable (wording of some questions is different, for example, and the SASS was conducted for the 1999-2000 school year, while ours was conducted for the 2001-2002 school year, we still find it useful to compare the samples. In general, the samples appear to be broadly similar in key respects. The total population for our survey was 760 charter schools in the four states, and with 270 respondents, our response rate was 35.5%. The SASS had an estimated population size of 387 charter schools in the same four states and with 331 schools responding, their response rate was 85.5%. In our survey, the responding schools had a mean enrollment of 276. This compared to an average enrollment of 220 in the SASS data set for the same jurisdictions. Given that charter schools generally are growing larger over time, and in light of the fact that the SASS data tapped in to the population at an earlier point, it appears that our sample is broadly similar. Although the wording in the surveys is not exactly comparable, it also appears the two groups are broadly similar in the extent to which they offer a special curricular focus or theme. Sixty two percent of the schools responding to our survey reported offering a theme; 56% of the SASS charter schools in the same states said they offer "programs with special instructional approaches." Our survey asked two slightly different questions about EMO affiliation. The first asked whether the school was *founded by* an EMO (16.3),[13] and the second asked whether the charter school had *collaborated with or received support from* a for-profit EMO (23.3%). The SASS asked whether charter schools were *managed by an organization that manages other schools but was not a school district*, to which 23.3% percent of the schools in the four jurisdictions responded being managed

[13] This is the operational definition of EMO linkage that we employ in this paper.

by for-profit EMOs. Since our "collaboration" question may imply a less formal relationship than the "management" wording used by SASS, and in light of the fact that our later survey might have been expected to find a higher level of EMO involvement, we conclude that our sample may under-represent the EMO associated charter schools to a slight degree. We did find possible differences in grade-level configuration; for example, 26% of the schools in our sample are high schools, a lower percentage than in the SASS population (36%).

Distribution of Schools By Type of Founder

We asked respondents the following question: "Thinking about the individuals and organizations that played central roles in starting your charter school, please indicate which of the following best apply." Based on their responses, we assigned each charter school to one of seven categories mirroring the organizational types discussed above.[14]

Table 1 summarizes basic descriptive information about the types of charter schools as classified by founder characteristics. Seventeen percent of the responding schools were founded by an EMO, either on their own (10.7%) or operating along with other organizations (6.3%). The remainder of schools, which we categorize as broadly "mission-oriented" include those formed by educators (40.3%),[15] those formed by social service or nonprofit organizations (13.4%),[16]

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[14] They were presented with the following options and told to check all that applied: converted from a traditional public school; converted from former private school; extension of an existing social service organization; founded by former public school teachers; founded by a for-profit education management organization; founded by a group of parents; founded by the local business community; other (please specify). Of the 253 respondents with codeable answers, 49, or slightly fewer than 20%, checked more than one option. For those that checked only the "other category," we examined the name or description of the founding group and re-coded the organization, where it was possible into one of seven categories.

[15] Including public school conversions, private school conversions, those founded by former public school teachers, and those who checked "other" but indicated they were formed by private school teachers or administrators.

[16] Including those formed as an extension of an existing social service organization and those that checked "other" but listed a nonprofit organization, religious institution, or religious leader.

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community and parent groups (9.1%),[17] those founded by local business groups (6.7%)[18], and those that checked more than one option but not including an EMO (13.4%).[19]

---- Insert Table 1 about here ----

The seven types of charter schools are not evenly distributed over the four jurisdictions. Michigan by far had the largest concentration of EMO-related schools (over one-third of the Michigan schools indicated they had an EMO among their founder), followed by Pennsylvania (14%); Arizona (10%), and DC (5%).[20] Former educators were important founding groups in all of the jurisdictions, but especially in Arizona, where they constitute almost 55% of the responding schools. The District of Columbia had the highest concentration of charter schools founded by social service/nonprofit organizations (30%).

There are differences too, although less sharply edged, in the degree to which different types of schools locate in cities, suburbs, and rural areas.[21] Overall, most charter schools in our sample are found in central cities, but this tendency is particularly evident for those founded by local business groups or social service agencies. Educators and EMOs appear more likely than

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[17] Including those founded by a group of parents and those that checked "other" but indicated they were formed by "a community organization" a "community-based organization" or a particular community organization.

[18] Including those founded by local business groups and those that checked "other" but listing particular corporations or local business sponsors.

[19] We expect these multi-sponsor organizations to behave more like the other mission-oriented schools than like those associated with EMOs, but we have no *a priori* expectations about whether they would resemble one type of mission-orientation over others.

[20] The 5% figure understates EMO penetration in DC in at least a couple of ways. None of the Edison Schools in DC responded to our survey (Edison Schools DID respond elsewhere), and two other schools that have had EMOs as major partners from the beginning nonetheless did not mention them among the founders. We know this because we have been following the DC charter school situation carefully, and have conducted interviews at these schools. We chose not to recode these schools here, since we do not have comparable depth of knowledge about the situations in other states. These two schools do indicate that EMOs are among their *current* partners, and we include analysis later in the paper that takes this into account.

[21] We matched schools to their Census area using the Common Core of Data (CCD). CCD defines its MSC1 category as comprising districts that primarily serves a central city of an MSA. This is the variable that we use in our statistical models.

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others to start charter schools in the suburbs. Of the seven types of charter founders, only parent/community-based groups have a significant presence in rural areas.

Some observers have suggested that the first types of operators to enter the charter industry would be those with missionary and altruistic goals, followed later by those with profit-oriented ambitions (Solomon 1999), and our findings regarding the age of existing charter schools appears to bear that out. Schools founded by community-based organizations, parents, or social service agencies tend to have been in operation for about four and one half years, in January 2002 when we conducted our survey. The newest entrants, those founded solely by EMOs, came onto the scene, on average, more than a year later.

Note that charter schools founded by local businesses look more like the mission-oriented schools on this indicator of longevity. This, as it turns out, is not unusual. Despite the fact that founders in both cases presumably are accustomed to think in terms associated with economic models--carefully weighing costs against anticipated revenues, seeking to expand their markets, responding to demand signals by altering their product or marketing strategies, and so on--on indicator after indicator, our survey reveals that charters formed by local business interests act more like those founded by education professionals, social service organizations, community and parent groups.

Does the origin of a charter school make a difference in the types of decisions it makes? For instance, do charter schools founded by EMOs behave more in the manner that economic theories project for profit-maximizing firms? Are mission-oriented charter schools less aggressive about marketing themselves or monitoring the activities of competitors? Do charter schools founded by educators make different decisions than those founded by parents and community-based organizations? In the analysis below we estimate statistical models predicting

different types of decisions charter schools make in three categories: 1) Theme and Targeting, 2) Scale of Operations, and 3) Marketing and Market Research. We present a series of paired multivariate analyses featuring two sets of independent variables. The "Full" model in each analysis includes separate dummy variables for each of the different types of more mission-oriented charter schools (with EMO-only initiated schools being the excluded category). The "Reduced" model makes a simpler distinction between charter schools that have an EMO among the founding organizations and those that do not.[22]

We also include as control variables in all of the models central city location, the number of years the school has been in operation, and, in order to control for demand for education services, the number of students enrolled in the district hosting the charter school. It may be the case that urban areas and/or a highly populated areas demand certain educational services thereby driving charter school behavior externally rather than internally.

Theme and Target Population

Two of the most important questions a charter school founder makes at start-up are whether to feature a curricular "theme" and whether to target special populations of students such as those at-risk or teen parents. Decisions about these establish key parameters that in turn are likely to affect the size, location, and characteristics of the likely audience; teacher recruitment and development needs; grade configurations; and even the kind of facility that will be needed. Schools that offer a general curriculum aimed at a "typical" student have a larger

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[22] The second model is nearly always the more powerful of the two, a reflection of the mathematical fact that it is more efficient (requires fewer predictor variables) and the substantive finding that the EMO *vs.* non-EMO related distinction proves to be the central one as related to the behaviors we consider here. We include the Model 1 option nonetheless, both to provide a more precise accounting of this market *vs.* mission distinction and to draw attention to

potential audience, but may face particular challenges in creating an identity compelling enough to entice students.

If founding organizational traditions and norms matter, we might expect charter schools founded by educational professionals and parent groups to be the least likely to engage in curricular or student niche approaches: educators because they have training and experience in offering a general education (they would prefer to compete based on quality of service rather than product differentiation) and parent/community groups because their orientation is often around a specific and spatially defined set of families. More market oriented, EMO-associated schools would be most likely to aim for the median student, although emphasizing a fairly broad theme might appeal as a marketing tool; they would be relatively unlikely to target a niche population unless it was one that had a particularly favorable revenue-to-cost ratio. Schools with a social service background would be most likely to define their audience around a high-need population. Local business groups might be most likely to adopt a particular theme, tied to vocational or technical skills.

Table 2 provides some descriptive information about charter schools' reliance on themes and targeting. In this analysis, without multivariate controls, EMO founded or co-founded schools do appear to be less likely to target a particular student group. Fewer than one in five of EMO related charters indicated they targeted a particular type of student, compared with just under one in three of all other types.[23] Another way of saying this is that they appear more likely to aim their product at the general population, or at the median student; this is something that is certainly consistent with what one might expect of a market-oriented organization seeking to

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those relatively rare but potentially important instances in which there are significant distinctions among the other types of charter schools.

[23] The difference is significant only at the .07 level.

position itself where demand is likely to be greatest. Despite many analysts' concern that charter schools might systematically target the most advantaged students (Kahlenberg 2001; Rothstein 1998; Fiske 2000), more than half of all the schools that said they *did* target a group indicated they targeted at-risk students. Overall, social service initiated charter schools are much more likely than others to engage in student targeting and their target audience is almost always students with high needs. Parent and community initiated schools are the least likely to target specific student populations, consistent with our expectation that they would rely on spatially defined community to define their clientele. None of the parent and community based schools that responded to our survey indicated they targeted at risk youth.

Charter schools in our sample were twice as likely to say they emphasized a curricular theme as they were to identify a target student group. Just fewer than two out of three do so overall. Emphasizing a theme was most common among community-based and local business originated charters and least common among those initiated by social service or nonprofit groups. Community and local business based schools differed, though, in the type of theme they emphasized, with business tending to focus on career or trade-specific themes and community/parent based schools more likely to emphasize themes that have more to do with symbolically affirming community aspirations (college prep.; character education) than filtering demand based on particular skill.

--- Insert Table 2 about here ---

Tables 3 and 4, however, indicate that the simple differences in targeting and themes observed across the types of charter schools are not statistically significant when controls are included for central city status, years of operation, and size of the home district. We used logistic regression to model these relationships; therefore the odds ratios are presented. Odds ratios are

interpreted as the increase in the likelihood of targeting (versus not targeting) or having a theme (versus not having a theme) if the odds ratio is greater than one, and a decrease in the likelihood for an odds ratio of less than one. The Wald Chi-Square statistic for every model except for the full version of the targeting at-risk students does not achieve statistical significance. In other words, we cannot know with any degree of certainty whether the apparent lack of a relationship we find in the data is real or simply the result of random chance. Yet the fact that our founder-type dummy variables hold no leverage over a school's choice for a theme or to target a particular student population is clearly not supportive of the differentiation hypothesis.

---- Insert Tables 3 and 4 about here ----

Another way in which charter schools may position themselves in the market is through the grade structure they offer. Because high schools are under strong demand pressure to provide various expensive facilities and services—to accommodate interscholastic sports, science labs, A.P. classes, and the like—most analysts agree that high school students are more expensive to educate on a per pupil basis. But most states do not adjust their per-pupil funding proportionally (Nelson, et al., 2000).[24] Presumably, then, market-oriented charter schools will be more reticent to include high school grades. Mission-oriented schools, which may, for example, feel compelled to serve older students who are in the greatest danger of dropping out or which may be pressured to expand to higher grades to accommodate the demands of the community and school-based groups that were their founders, could be expected to be less sensitive to these marginal cost issues and in some instances propelled by their altruistic impulses to take on that clientele precisely because they present greater problems..

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[24] AZ and DC do adjust their funding, MI and PA do not, according to Nelson, Muir and Drown, 2000. In DC, ironically, the per-public reimbursement formula is actually lower at the high school level.

The results of our multivariate analysis (Table 5) confirm that charter schools initiated by mission-oriented organizations are more likely to offer high school grades at their schools, compared to EMO only schools. Targeting appears to be important in explain the structure that charter schools will take. The odds ratio on the targeting variable suggests that schools that target students are more likely to offer high school grades. In the reduced model, the odds ratio on EMO or EMO-mix founders is 2.74, suggesting that schools with these founders are almost three times as likely not to currently offer high school grades.

---- Insert Table 5 about here ----

We also looked at whether school leaders expected to offer high school grades in the next three years. We find the same pattern as above. In the full version, schools founded by local business, educators, social service organizations, and parents or community groups are significantly more likely to project that they will be offering high school grades in three years. In the reduced model, EMO or EMO-mix founders were much more likely to say that they do not expect to be offering high school grades in three years. Indeed, with an odds ratio of 3.00, they are three times as likely not to project to offer high school grades in three years than are charter schools with other founders. Here again, the targeting variable is important, and predicts that schools that target are more likely to expect to offer high school grades in three years.

Scale of Operation

Early proponents of charter schools envisioned them as intimate communities, in which students would get more individualized attention and teachers would be able to feel more like a cohesive team (Kolderie 1990; Nathan 1999; Nathan 1991). And the evidence to date has tended to confirm that charter schools are substantially smaller in scale than the traditional public

schools with which they compete. RPP International (2000), for instance, reported that charter schools had a median enrollment of 137 compared to 475 in traditional public schools. But, because market-oriented schools may be more concerned about achieving economies of scale, we expect that the vision of intimate communities may be more accurate when applied to mission-oriented than EMO-initiated charter schools.

In Table 6 we examine the question of whether different types of school founders influence the choice of how large a school to open. As we expect that whether a school chooses to emphasize a theme or target student populations may also have some bearing on this decision, we use the dependent variables in the above analysis as control variables here.

---- Insert Table 6 about here ----

As Table 6 indicates, unlike choices on theme and student populations, the type of founder does appear to influence charter school decisions about how large to grow. The sharpest distinction is between schools initiated by EMOs and all others. Compared to those with EMO founders, charter schools launched by more mission-oriented organizations are much smaller. Schools founded by parents or the community are especially small, suggesting that when these groups set out to establish a school, they are probably looking to create a school that only provides education services to children in the neighborhood. The dummy variable indicating whether a school was started by the local business community is also negative, suggesting once again that this set of charter schools behaves more like a mission-oriented organization, despite the fact that their founders presumably share many sensibilities and inclinations with the businesspersons running EMOs.

The significant coefficients on some of the control variables are interesting as well. Schools that have been around longer are likely to be larger; this is no surprise, but it does

suggest that early soundings that confirm the relatively small size of charter schools compared to traditional public schools may have to be revisited in a few years to see the extent to which that finding holds once the fledgling charters schools have built up to their steady state scale of operation. Charter schools in districts serving higher numbers of students tend to be larger, but once that is taken into account central city charter schools are more likely to be small in size. Schools that target a particular population also tend to be smaller; this may be partly due to the fact that many of these schools currently focus on high need population that presumably require a higher staff to pupil ratio, but charter schools that target groups other than at risk students also tend to be small, so the link may reflect a general association between targeting and small scale regardless of the specific needs of the targeted population.[25]

Marketing and Market Research

Economic theories might lead us to expect EMO and business related charter schools to recruit more aggressively than those motivated more by a professional, service, or community based mission. The pursuit of a profit margin, as we have already indicated, normally pushes firms to seek a larger base of customers. We have already demonstrated that EMO related charter schools in our sample are larger. This is not to say that mission-oriented schools might not also seek to aggressively recruit, those that are animated by a fervent desire to change the lives of children—either through exposing them to different values or to a richer academic content—may hope to "convert" as many as possible. Nonetheless, mission-oriented organizations often depend

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[25] Another dimension related to scale involves whether schools have, or envision having, multiple campuses. Our analysis (not shown) found that none of the founder type variables had a statistically significant effect on this decision among founder types in the sense that the distinctions do not matter. Older schools were more likely to have two or more campuses. Schools emphasizing a target or curricular themes were more likely to project expanding to two or more campuses within three years.

on maintaining a smaller, more intimate community, and may be more likely to recruit through informal channels. They are also more likely to lack the management expertise and capital to allow them to grow rapidly, further encouraging a modest and informal recruitment approach. We would expect parent and community-based charters to be especially likely to limit recruitment to more localized and informal arenas.

Table 7 provides some evidence that EMO-initiated charter schools may be more likely to use more expensive strategies like paid advertisements, web sites, and radio. They appear no less likely than others to rely on informal and cheaper options like word of mouth or flyers. Somewhat surprisingly, EMO and local business related schools are among the most likely to say they use open houses as a recruitment tool.

---- Insert Table 7 about here ----

As an indicator of overall aggressiveness in marketing we looked at whether schools reported employing three or more of these strategies. Table 8, which presents the multivariate analysis, shows that schools initiated by educators are significantly less likely to do so. There are several possible explanations. Some critics of the professional education community suggest that a history of monopoly status combined with a professional ethos that celebrates their own expertise have led teachers to adopt a "take it or leave attitude" toward consumers; if deeply enough engrained, such an orientation might even be carried by the presumably more entrepreneurial subset that has self-consciously opted to move to the more market-sensitive arena of charter schools. More likely, perhaps, is the possibility that, because they often are headed by principals and teachers already familiar to the local community, educator-initiated schools may feel less of a need to advertise. Schools founded by a mix of partners (whether or not including

an EMO) are also significantly less likely than EMO-only initiated charters to use three or more marketing tools.

-- Insert Table 8 here--

Our final set of analyses relates to the kinds of information charter schools collect about consumer demand (student and parent surveys) and supply-side competitors. Market theories project that charter schools should be attuned to what parents and students—current and prospective—are looking for, and regularly conducting surveys and interviews would be logical ways to do so. Just as private firms in other markets scout out their competition, it also makes sense to expect charter schools to devote some effort to monitoring activities among theirs. In general, we would expect EMO related firms to be the most inclined to engage in such market research, with educators—for reasons alluded to above—perhaps the least. To our knowledge, there has been little study or even much speculation about whether charter schools define their competition as consisting primarily of public schools, other charter schools, or private schools. Based on the supposition that EMO related charter schools might be aiming at a more upscale and mobile consumer group, we initially anticipated that they would be more likely than the others to monitor private and charter schools.

Table 9 provides basic descriptive information on the market research behavior of different types of charter schools. The patterns are erratic and, for the most part, confound our expectations. EMO-related schools, particularly those with an EMO as their sole founder, were among the least likely to systematically collect demand side data, either from current or prospective students and parents.[26] Local business initiated charters were the most likely. Charter schools started by social service or non-profit groups closely monitored their current consumer

populations but were as disinterested as the EMO charters in surveying prospective students and parents. EMO schools also were relatively disinterested in monitoring the competition, which surprised us; but to the extent they did pay attention, they were more likely than other types of charter schools to look at private schools and least likely to monitor the convention public schools. As on the demand side, local business initiated charters appeared most attuned to market research.

Table 10 A and B, the multivariate analysis, shows that larger schools generally are more likely to engage in demand side data gathering with parents of currents students, presumably a function of more slack resources associated with economies of scale on the staffing side. The tendency of local business-initiated charters to be more aggressive holds for surveying parents of current students, but other variables are not significant. Schools founded by an EMO in partnership with others were about 7 times more likely than EMO-only schools to monitor other public schools. But generally, these models overall were not significant. It appears that there are not great differences in the marketing and market research behaviors of charter schools. In our field research we heard anecdotal evidence of charters having more demand for their schools than seats available; this over subscription may mitigate the need to aggressively recruit and monitor the competition.

-- Insert Tables 9 and 10 A and B about here --

Conclusions

Much of the existing literature on charter schools treats them as an undifferentiated mass. Even those who note that the umbrella term "charter schools" encompasses a diverse array of

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[26] There is a possibility that whatever market research is being done is carried out at the central corporate level, rather than at the school level where our information was collected.

organizations typically have not elaborated theoretically based typologies to impose a more meaningful framework for analyzing the phenomenon. That is the gap we have tried to address here.

Our typology is grounded in the proposition that the norms, traditions, and perspectives of founding organization may bear upon the kinds of decisions that charter schools make. If some types of charter schools better conform to public goals, it is likely that legislative and regulatory provisions could be tailored to favor, or at least provide a protected niche, for the form of charter school deemed more socially desirable.

What we find is a mixed story. In several of the decision arenas we review here, we find evidence of a sharp distinction between charter schools that have Education Management Organizations among their founders and other types of charter schools. There is strong evidence, based on multivariate analysis, that EMO-initiated charters are much less likely to include high school grade levels and are likely to be considerably larger than other charter schools. There are suggestions that EMO-initiated charter schools may be a little less likely to target particular subpopulations and more likely to use high cost marketing strategies. In contrast, charter schools launched by local business interests consistently behaved more like mission-oriented charter schools. That may be due to the fact that these business groups frame their involvement in terms of a collective good—improving the environment for economic development—rather than profit maximization. But it also is possible that it reflects a tendency by such groups to turn over administration of the schools they sponsor to individuals whose roots lie in education and the nonprofit sector. EMO-initiated schools were not substantially more likely to aim at a median student, aggressively advertise, engage in market research regarding present or potential customers, or monitor competitors.

We found fewer and weaker differences among the charters launched by different types of mission-oriented founders. Schools associated with local business organizations were more likely to be organized around a theme, as expected, usually one with a vocational focus. They also appeared to be more likely than EMO-initiated or other mission-oriented schools to aggressively advertise and engage in market research. Schools founded by social service organizations were most likely to target at-risk students, while those founded by parent/community groups were least likely to. Schools founded by educators appeared less likely than others to aggressively advertise.

That for-profit EMOs may behave differently from other charter schools comports with the evidence emerging from other studies (Lacireno-Paquet et al., 2002; Miron and Nelson, 2002). While much of the theoretical case for charters is based on market-laced notions of efficiency, innovation, and competitive, much of the political rhetoric aimed to reassure critics relies on anecdotal accounts of mission-oriented schools to emphasize that charter schools will provide nurturing environments and not place profits over learning or exacerbate social inequities. It is possible that the efficiency claims of market proponents have credibility when applied to the EMO model but that these may come at the cost of some of the other values that matter to the public. To the extent that the EMO model for charters is different, legislators, charter authorizers, and charter regulators may need to develop policy instruments designed to acknowledge such distinctions. This is especially the case in light of the apparent trend toward greater involvement by for-profit EMOs, both as founding partners and as new partners for mission-oriented charters that find they need the capital and management expertise EMOs appear to provide. If these schools gradually muscle aside smaller and frailer mission-oriented schools,

some attributes evident in the charter school movement as currently constituted may prove short-lived.

That said, we also find evidence consistent with the expectation that the external environment and core educational tasks may impose similar patterns of behavior on charter schools regardless of their differing organizational roots. If parents tend to have bland and conventional views of what constitutes a "good education;" if foundations, lenders, and other sources of revenue and credit set fairly narrow conditions for support; if laws and regulations enforce a set of behaviors; or if the practical challenges of structuring an education impose certain solutions the differences among charter schools might be constrained or forced to depend on variations in external context not internal organizational goals.

Figure 1. Market vs. Mission

Market		Mission
Consumers & for-profit firms	*Central Actors*	Donors, nonprofit delivery organzations, clients
Material benefits; profit-maximizations; self-interest	*Incentives*	Purposive, altruistic
Flexibility; responsiveness; mobility; the "customer" is always right	*Dominant Norms*	Helping; voluntarism; consistency of purpose; loyalty
How to satisfy consumers' desires most efficiently	*Problem Definition*	How to meet the needs of clients while maintaining the allegiance of patrons.
Capital and purchasing power; entrepreneurial skill; adaptibility	*Key Resources*	Intensity and depth of commitment; co-production; reputation for doing good

SOURCE: Adapted from Henig, et al., 2003

Table 1: Charter Schools by Type: Descriptive Summary

	Founded by EMO Only	Founded by EMO and other	Founded by Local business	Founded by Educators	Founded by Social Service	Founded by Parent or Community	Founded by Non-EMO Mix
Overall	10.7%	6.3%	6.7%	40.3%	13.4%	9.1%	13.4%
% Primarily Central city	63.0	62.5	82.4	54.1	73.5	45.0	69.7
% Primarily Suburban	33.3	37.5	17.7	35.7	11.8	25.0	21.2
% Primarily Rural	3.7	0.0	0.0	10.2	14.7	30.0	9.1
AZ	6.2%	3.9%	78.0%	54.3%	14.0%	8.5%	12.4%
DC	5.0%	0.0%	10.0%	35.0%	30.0%	10.0%	10.0%
MI	25.0%	10.3%	13.2%	22.1%	7.4%	11.8%	10.3%
PA	2.8%	11.11	13.9%	27.8%	13.9%	5.6%	25.0%
Avg. years in operation (as of Jan.2002)	3.21	3.98	4.41	4.09	4.36	4.48	3.72
Current Enrollment (as of Jan.2002)	419	514	256	240	210	223	272

Table 2: Target Group and Curricular Themes

	Have target group	Target Population: At risk	Target Population: Gifted/college prep	Have curricular theme	Three most common themes
	Percent in Each Category				
Founded by EMO Only	18.5	80.0	0.0	63	Back-to-basics; character education; technology/computers
Founded by EMO and others	18.8	66.7	33.3	56.3	Technology/computers; business; back-to-basics
Founded by Local business	29.4	25.0	25.0	76.5	Career path; trade or specific job; liberal arts; technology/computers
Founded by Educators	29.4	55.6	22.2	59.8	Back-to-basics; technology/computers; other
Founded by Social Service	52.9	88.2	5.9	47.1	Character education; ethnic/identity; technology/computers
Founded by Parents or Community	17.4	0.0	25.0	77.3	College prep; character education; other
Founded by NonEMO Mix	32.4	40.0	30.0	73.5	Trade or specific job; liberal arts; career path

Table 3:Charter School Emphasizes a Theme (Logistic Regression with Robust Standard Errors)

Independent Variable	Theme (Full Model) Odds Ratio	Theme (Reduced Model) Odds Ratio)
Founded by Local Business	5.48* (4.34)	--
Founded by Educators	1.28 (0.56)	--
Founded by a Social Service Organization	0.91 (0.51)	--
Founded by Parents or Community	2.43 (1.72)	--
Founded by Non-EMO-Mix	3.21 (1.98)	--
Founded by EMO-Mix	0.85 (0.64)	--
Founded by EMO-Only	omitted	--
EMO Initiated (alone or with others)	--	0.82 (0.34)
Age of the School	0.90 (0.07)	0.91 (0.07)
Central City District	1.03 (0.41)	1.07 (0.42)
District Enrollment[27]	1.01 (0.14)	1.01 (0.13)
Wald Chi-Square	11.36	1.88

N = 248 * $p < 0.05$ ** $p < 0.01$ *** $p < 0.005$

[27] The variable district enrollment, here and in all tables below, is the natural log of district enrollment.

Table 4: School Targets a Student Population (Logistic Regression with Robust Standard Errors)

Independent Variable	Targeted Population (Full Version) Odds Ratio	Targeted Population (Reduced Version) Odds Ratio	Targeting At-Risk Students (Full Version) Odds Ratio	Targeting At-Risk Students (Reduced Version) Odds Ratio	Targeting Other Students (Full Version) Odds Ratio	Targeting Other Students (Reduced Version) Odds Ratio
Founded by Local Business	1.13 (1.11)	--	0.06* (0.07)	--	4.84 (5.52)	--
Founded by Educators	1.11 (0.54)	--	0.76 (0.42)	--	2.16 (1.92)	--
Founded by a Social Service Organization	2.34 (1.39)	--	3.09 (1.97)	--	0.27 (0.36)	--
Founded by Parents or Community	1.09 (0.79)	--	0.80 (0.73)	--	1.73 (2.20)	
Founded by Non-EMO-Mix	1.32 (0.78)	--	0.68 (0.49)	--	3.18 (3.08)	--
Founded by EMO-Mix	0.99 (0.81)	--	0.74 (0.70)	--	1.80 (2.50)	--
Founded by EMO-Only	omitted	--	omitted	--	omitted	--
EMO initiated (alone or with others)	--	0.46 (0.22)	--	0.55 (0.31)	--	0.48 (0.39)
Age of the School (Years)	1.01 (0.09)	1.00 (0.09)	0.96 (0.10)	0.97 (0.10)	1.10 (0.16)	1.09 (0.14)
Central City District	1.39 (0.55)	1.47 (0.58)	1.29 (0.57)	1.35 (0.60)	1.36 (0.85)	1.37 (0.87)
Number of Students in Host District	0.98 (0.13)	0.98 (0.13)	0.92 (0.14)	0.90 (0.13)	1.12 (0.20)	1.14 (0.21)
Wald Chi-Square	4.29	4.33	17.36*	2.03	11.72	3.99

With robust standards errors and weighted by state population

* $p < 0.05$ ** $p < 0.01$ *** $p < 0.005$

Table 5: Charter School Does Not Offer High School Grades and Does Not Project To Within Three Years (Logistic Regression with Robust Standard Errors)

Independent Variable	No High School (Full Version) Odds Ratio	No High School (Reduced Version) Odds Ratio	No High School Projected (Full Version) Odds Ratio	No High School Projected (Reduced Version) Odds Ratio
Founded by Local Business	0.26 (0.18)	--	0.16* (0.12)	--
Founded by Educators	0.35* (0.17)	--	0.25** (0.12)	--
Founded by a Social Service Organization	0.24* (0.15)	--	0.15** (0.10)	--
Founded by Parents or Community	0.21 (0.19)	--	0.16* (0.15)	--
Founded by Non-EMO-Mix	0.44 (0.28)	--	0.36 (0.21)	--
Founded by EMO-Mix	0.47 (0.35)	--	0.27 (0.23)	--
Founded by EMO-Only	omitted	--	omitted	--
EMO Initiated (alone or with others)	--	2.74* (1.21)	--	3.00* (1.41)
Age of the School	0.91 (0.08)	0.89 (0.08)	1.03 (0.09)	0.997 (0.09)
Central City District	1.37 (0.59)	1.35 (0.58)	1.46 (0.62)	1.43 (0.61)
District Enrollment	0.998 (0.14)	1.002 (0.14)	1.02 (0.15)	1.02 (0.15)
School Targets a Specific Student Population	0.16*** (0.07)	0.17*** (0.07)	0.15*** (0.07)	0.16*** (0.06)
School Emphasizes a Theme	0.76 (0.26)	0.75 (0.25)	0.66 (0.23)	0.65 (0.22)
Current Enrollment	0.999 (0.001)	0.999 (0.001)	0.999 (0.001)	0.999 (0.001)
Wald Chi-Square	32.06***	29.52***	37.20***	26.26***

N = 247 * $p < 0.05$ ** $p < 0.01$ *** $p < 0.005$

Table 6: Size of Student Body (OLS Regression with Robust Standard Errors)

Independent Variable	Student Population Size (Full Model Without Target Distinction)	Student Population Size (Reduced Model Without Target Distinction)	Student Population Size (Full Model With Target Distinction)	Student Population Size (Reduced Model With Target Distinction)
Founded by Local Business	-185.93*** (66.09)	--	-188.63** (68.26)	--
Founded by Educators	-170.16*** (33.14)	--	-172.12*** (33.24)	--
Founded by a Social Service Organization	-166.26*** (49.59)	--	-164.66*** (51.59)	--
Founded by Parents or Community	-220.95*** (42.97)	--	-222.06*** (42.63)	--
Founded by Non-EMO-Mix	-145.992*** (47.42)	--	-146.16*** (47.30)	--
Founded by EMO-Mix	123.73 (114.20)	--	123.10 (114.84)	--
Founded by EMO-Only	Omitted	--	Omitted	--
EMO Initiated (alone or with others)	--	241.23*** (48.98)	--	241.70*** (49.24)
Age of the School (years)	30.45*** (8.38)	29.69*** (8.52)	30.47*** (8.58)	29.71*** (8.65)
Central City District	-109.59*** (34.67)	-115.18*** (34.22)	-110.74*** (34.95)	-116.06*** (34.55)
Number of Students in Host District	33.74*** (10.88)	38.40*** (10.96)	33.39*** (10.90)	38.13*** (11.04)
School Targets a Population	-106.60*** (25.35)	-94.17*** (24.38)	--	--
School Targets At-Risk Students	--	--	-113.95*** (28.95)	-100.06*** (26.25)
School Targets Other Student Population	--	--	-95.96** (36.77)	-84.86* (37.64)
School has a Theme	-1.77 (28.30)	-11.28 (28.27)	-2.13 (29.12)	-11.78 (28.89)
Constant	29.60 (107.31)	-171.82 (107.00)	34.66 (108.12)	-168.66 (108.21)
F-Test Statistic	6.84***	8.48***	6.38***	7.32***
R-Squared	0.28	0.28	0.28	0.28

Robust standard errors and weighted by state population of charter schools * $p < 0.05$ ** $p < 0.01$ *** $p < 0.005$

Table 7: Percent of Schools "Regularly" Using the following Methods of Advertising/Recruitment

	Paid Ads	Flyers	Web site	Word of mouth	Radio	Open house	Total number of tools used regularly
Founded by EMO-Only	30.8	52.2	70.8	92.0	17.4	50.0	3.04
Founded by EMO-Mix	25.0	37.5	66.7	100.0	6.7	43.8	2.88
Founded by Local business	25.0	58.8	43.8	100.0	12.5	70.6	3.35
Founded by Educators	17.9	30.0	47.8	93.1	10.1	30.9	2.33
Founded by Social Service	27.3	48.5	56.3	100.0	6.1	36.4	2.76
Founded by Parents or Community	22.3	22.7	61.9	95.7	4.6	54.6	2.73
Founded by non-EMO-Mix	18.2	36.4	52.9	93.9	10.0	36.7	2.65

Table 8: Charter Schools Marketing and Recruitment (Logistic Regression with Robust Standard Errors)

	Three or More Marketing Tools Used (Full Version) Odds Ratio	Three or More Marketing Tools Used (Reduced Version) Odds Ratio
Founded by Local Business	0.51 (0.40)	--
Founded by Educators	0.21** (0.11)	--
Founded by a Social Service Organization	0.74 (0.49)	--
Founded by Parents or Community	0.45 (0.32)	--
Founded by Non-EMO-Mix	0.21* (0.14)	--
Founded by EMO-Mix	0.12* (0.11)	--
Founded by EMO-Only	Omitted	--
EMO Initiated (alone or with others)	--	2.07 (0.99)
Age of the School	1.11 (0.10)	1.13 (0.09)
Central City District	0.65 (0.26)	0.64 (0.26)
District Enrollment	1.23 (0.18)	1.21 (0.18)
School Targets a Specific Student Population	1.36 (0.47)	1.46 (0.48)
School Emphasizes a Theme	1.61 (0.54)	1.50 (0.46)
Current Enrollment	1.001 (0.001)	1.001 (0.001)
Wald Chi-Square	21.76*	8.82

N = 247 * $p < 0.05$ ** $p < 0.01$ *** $p < 0.005$

Table 9: Percent of School Regularly Surveying Parents or Collecting Information about Competitors

	Demand side				Supply side competition		
	Current students	Current parents	Prospective students	Prospective parents	Traditional public schools	Other charters	Private schools
Founded by EMO Only	26.9	51.9	11.1	15.5	14.8	29.6	20.0
Founded by EMO-Mix	40.0	62.5	18.8	37.5	50.0	33.3	13.3
Founded by Local Business	70.6	70.6	35.3	35.3	52.9	58.8	25.0
Founded by Educators	36.4	47.5	21.8	25.7	25.7	28.4	10.1
Social Service Founders	56.3	58.8	12.1	11.8	32.4	35.3	11.8
Founded by Parents or Community	39.1	47.8	18.2	17.4	39.1	34.8	13.6
Founded by Non-EMO Mix	45.5	55.9	14.7	23.5	20.6	26.5	15.2

Table 10A: Charter Schools Market Research:
Market Demand Research (Logistic Regression with Robust Standard Errors)

	Regularly Survey Current Parents (Full Version) **Odds Ratio**	**Regularly Survey Current Parents** (Reduced Version) **Odds Ratio**	**Regularly Survey Prospective Parents** (Full Version) **Odds Ratio**	**Regularly Survey Prospective Parents** (Reduced Version) **Odds Ratio**
Founded by Local Business	8.17** (6.30)	--	1.18 (0.92)	--
Founded by Educators	1.54 (0.71)	--	1.36 (0.76)	--
Founded by a Social Service Organization	1.41 (0.83)	--	0.45 (0.39)	--
Founded by Parents or Community	2.02 (1.35)	--	0.72 (0.61)	--
Founded by Non-EMO-Mix	1.87 (1.09)	--	0.98 (0.64)	--
Founded by EMO-Mix	2.27 (1.71)	--	2.38 (1.18)	--
Founded by EMO-Only	Omitted	--	Omitted	--
EMO Initiated (alone or with others)	--	0.74 (0.33)	--	0.76 (0.38)
Age of the School	1.08 (0.09)	1.10 (0.09)	1.06 (0.09)	1.03 (0.09)
Central City District	1.41 (0.54)	1.36 (0.52)	1.23 (0.61)	1.25 (0.62)
District Enrollment	0.98 (0.14)	1.01 (0.13)	1.04 (0.16)	1.04 (0.15)
School Targets a Specific Student Population	0.996 (0.33)	0.97 (0.32)	0.72 (0.30)	0.69 (0.29)
School Emphasizes a Theme	0.95 (0.30)	1.04 (0.33)	1.49 (0.56)	1.47 (0.54)
Current Enrollment	1.001* (0.001)	1.001* (0.001)	1.001 (0.001)	
Wald Chi-Square	15.78	8.63	11.87	

N = 245 * $p < 0.05$ ** $p < 0.01$ *** $p < 0.005$

Table 10B: Charter Schools Market Research:
Market Competition Research (Logistic Regression with Robust Standard Errors)

	Regularly Monitor Public Schools (Full Version) **Odds Ratio**	**Regularly Monitor Public Schools** (Reduced Version) **Odds Ratio**	**Regularly Monitor Public Charter Schools** (Full Version) **Odds Ratio**	**Regularly Monitor Public Charter Schools** (Reduced Version) **Odds Ratio**	**Regularly Monitor Private Schools** (Full Version) **Odds Ratio**	**Regularly Monitor Private Schools** (Reduced Version) **Odds Ratio**
Founded by Local Business	5.23 (4.52)	--	5.19 (4.46)	--	0.96 (0.90)	--
Founded by Educators	1.21 (0.73)	--	1.11 (0.61)	--	0.39 (0.25)	--
Founded by a Social Service Organization	1.49 (1.03)	--	1.23 (0.76)	--	0.44 (0.34)	--
Founded by Parents or Community	3.16 (2.67)	--	0.99 (0.83)	--	1.24 (1.24)	--
Founded by Non-EMO-Mix	1.16 (0.87)	--	1.16 (0.77)	--	1.23 (0.87)	--
Founded by EMO-Mix	7.96** (5.98)	--	2.69 (1.89)	--	0.67 (0.62)	--
Founded by EMO-Only	Omitted	--	Omitted	--	Omitted	--
EMO Initiated (alone or with others)	--	1.93 (0.92)	--	1.67 (0.79)	--	2.76* (1.41)
Age of the School	0.86 (0.10)	0.92 (0.10)	0.90 (0.08)	0.94 (0.09)	0.78 (0.11)	0.80 (0.11)
Central City District	1.71 (0.76)	1.50 (0.66)	1.65 (0.71)	1.52 (0.67)	0.95 (0.51)	0.96 (0.58)

Table 10B: Charter Schools Market Research –*Continued*

	Regularly Monitor Public Schools (Full Version) **Odds Ratio**	**Regularly Monitor Public Schools** (Reduced Version) **Odds Ratio**	**Regularly Monitor Public Charter Schools** (Full Version) **Odds Ratio**	**Regularly Monitor Public Charter Schools** (Reduced Version) **Odds Ratio**	**Regularly Monitor Private Schools** (Full Version) **Odds Ratio**	**Regularly Monitor Private Schools** (Reduced Version) **Odds Ratio**
District Enrollment	1.22 (0.23)	1.32 (0.26)	1.20 (0.20)	1.29 (0.23)	1.04 (0.23)	1.06 (0.27)
School Targets a Specific Student Population	1.09 (0.43)	1.10 (0.42)	1.20 (0.44)	1.21 (0.44	1.87 (0.92)	1.96 (0.98)
School Emphasizes a Theme	0.78 (0.29)	0.85 (0.30)	0.87 (0.30)	0.91 (0.31)	1.70 (0.83)	2.04 (1.00)
Current Enrollment	1.001 (0.001)	1.001 (0.001)	1.0003 (0.001)	1.0001 (0.001)	1.001 (0.001)	1.001 (0.001)
Wald Chi-Square	25.91*	15.10*	16.37	10.25	13.84	15.54*
N	247	247	246	246	239	239

* $p < 0.05$ ** $p < 0.01$ *** $p < 0.005$

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Organization/Address: Politics and Education Program, Teachers College, Columbia University, Box 67, 525 W 120th St., New York, NY 10027-6696	Telephone: 212 678 8313 FAX:
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